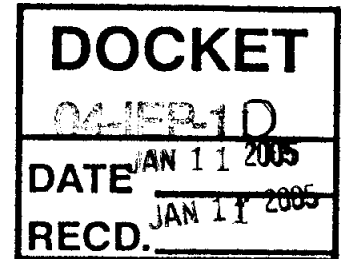


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January 11, 2005

Mr. Robert L. Therkelsen (*via Federal Express*)
Executive Director
California Energy Commission
1516 Ninth Street
Sacramento, California 95814-5512



RE: APPLICATION FOR DESIGNATION OF CONFIDENTIALITY
Limited Appeal of San Diego Gas & Electric Company
Retail Electricity Price Forecast Data; Docket No. 04-IEP-1

Dear Mr. Therkelsen:

San Diego Gas & Electric Company (SDG&E) is in receipt of your letter dated December 23, 2004, denying SDG&E's Application for confidential treatment of the above-referenced data submitted to the California Energy Commission (CEC) on November 30, 2005. An appeal of the CEC's December 23 letter would normally have been due on January 6, 2005. SDG&E greatly appreciates that, due to the intervening holidays, you granted an extension for SDG&E to file any appeal until today. The primary basis asserted in your letter for denying SDG&E's Application is that the data provided in the above-referenced submittal does not include generation information. As such, you conclude that "there is no revelation of any supply-demand balance in the data provided and no indications of SDG&E's supply needs" (CEC Letter, p. 2). As discussed in more detail below, SDG&E seeks a "limited" appeal of this decision to allow time for all three investor-owned utilities and the CEC staff to work out a common framework for treatment of this data for purposes of confidentiality.

Since SDG&E received your letter, SDG&E and CEC staff had the opportunity to discuss SDG&E's Application and the basis for the claim of confidentiality. We appreciate the staff making themselves available for this discussion and their openness and candor. During that conversation, SDG&E explained that while your letter correctly observes that no generation resource data was provided in the November 30 filing, SDG&E's generation profile is easily discovered through publicly available information, such as the DWR contracts, QF energy positions, contract energy positions, renewable energy positions and SDG&E's share of SONGS. Therefore, given the load information contained in this rate filing, one could "reverse engineer" SDG&E's residual net short position, even on a monthly and hourly basis. The more suppliers understand SDG&E's energy needs, the more ability they have to adjust their prices to their maximum advantage and potentially to the detriment of SDG&E's ratepayers. SDG&E also believes that the information provided to the CEC is presented in a "user friendly" format

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that will assist a user attempting to decipher SDG&E's energy needs and the information will verify their attempts to reverse engineer SDG&E positions.

For purposes of next steps, SDG&E understands that Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) are also directed to file the same data that SDG&E has provided, but they have not done so yet. SDG&E therefore proposes that its "limited" appeal be granted to allow time to develop a common treatment for comparable data from all three utilities. CEC staff and the three utilities can work together towards this goal. This would also potentially allow the solution to be coordinated with the expected CPUC proceeding addressing confidentiality (D.04-12-048, p.180). By granting this appeal, SDG&E's data will remain confidential while that framework is being developed. SDG&E will accept the outcome of that process as the final determination for how its data will be handled. Should the CEC deny this "limited" appeal, then SDG&E accepts the December 23, 2004 determination as final.

Finally, SDG&E would observe that during last week's call, CEC staff mentioned several items that they believed dictated public treatment for this data. In fact, none of the items mentioned lead to that conclusion. In particular, a reference was made to SDG&E's Quarterly Reports provided to the CEC regarding sales and generation data. SDG&E makes those reports to the CEC under the CEC's automatic designation for confidentiality (see, e.g., SDG&E transmittal letter to Ms. Andrea Gough/CEC, dated November 16, 2004).

In sum, SDG&E respectfully requests that a "limited" appeal be granted to allow sufficient time for the CEC staff and all three utilities to work together to determine a consistent manner for treatment of this data. SDG&E will comply with the results of that process and believes that this approach is the most efficient for all concerned.

Sincerely,

A handwritten signature in cursive script, reading "Lisa G. Urick".

Lisa G. Urick

cc: Fernando de Leon, Esq., California Energy Commission (*via Federal Express*)